

Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 353:</h1> <h2>EDCM - LRIC Modelling Assumptions Housekeeping</h2> <p><i>Proposer: Chris Ong</i></p> <p><i>Party Name: UK Power Networks</i></p> <p><i>Party Category: DNO</i></p> <p><i>Date Raised: Wednesday 25 September 2019</i></p>		<p>01 – Change Proposal</p> <p>02 – Consultation</p> <p>03 – Change Report</p> <p>04 – Change Declaration</p>
<p>Purpose of Change Proposal: To clarify and better align the legal text to the EDCM - LRIC model</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Part 2 Matter • Treated as a Standard Change • Proceed to a Working Group <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties: DNOs, IDNOs and Suppliers</p>	
	<p>Impacted Clauses: Multiple paragraphs of Schedule 18</p>	

Contents

- 1 **Summary**
- 2 **Governance**
- 3 **Why Change?**
- 4 **Solution and Legal Text**
- 5 **Code Specific Matters**
- 6 **Relevant Objectives**
- 7 **Impacts & Other Considerations**
- 8 **Implementation**
- 9 **Recommendations**

 **Any questions?**

3 **Contact:**
3 **Code Administrator**

4  **email address**

4  **telephone**

4 **Proposer:**
4 **Chris Ong**

5 
6 [chris.ong@ukpower](mailto:chris.ong@ukpowernetworks.co.uk)
6 networks.co.uk

6  **07875 110134**

Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report	16 October 2019
Consultation Issued to Industry Participants	TBD
Change Report Approved by Panel	22 January 2020
Change Report issued for Voting	24 January 2020
Party Voting Closes	14 February 2020
Change Declaration Issued to Parties	18 February 2020
Implementation Data	First DCUSA Release Following Party Approval

1 Summary

What?

- 1.1 In early 2018 work took place to create a new Distribution Charging Use of System Agreement (DCUSA) charging model suite, (comprising of the Common Distribution Charging Methodology (CDCM), Annual Review Pack (ARP), Price Control Disaggregation Model (PCDM) and Extra High Voltage (EHV) Distribution Charging Methodology (EDCM) Forward Cost Pricing (FCP) and EDCM Long Run Incremental Cost (LRIC)).
- 1.2 The work was undertaken by the newly appointed modelling contractors (CEPA/TNEI) who whilst working with an industry expert group made up of representatives from the Distribution Network Operators (DNOs) and DCUSA Secretariat, identified a number of areas where the legal text did not fully align to the charging models, or the legal text was not as clear as it could be.
- 1.3 As a result, a log of all of these issues was created and after some discussions a proposed solution was tabled for each, which in the majority of cases only resulted in a minor tweak to the legal text for DCUSA.

Why?

- 1.4 In total there were 97 areas of the legal text which were felt to require a change, these have been broken into smaller groups of issues to consider, as a result this change only includes the changes required for the CDCM, separate changes exist for the PCDM, EDCM – FCP and EDCM – LRIC, there were no changes required to the text relating to the ARP.

How?

- 1.5 In the attachment for this Change Proposal, there is a log of the issues which relate to the EDCM LRIC only (as stated about other separate changes exist for CDCM, PCDM and EDCM – FCP), within this log is detail of the issue, the relevant clause in the legal text along with the proposed solution.

2 Governance

Justification for Part 1 and Part 2 Matter

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 2 Matter;
- Be treated as a Standard Change; and
- Proceed to a Working Group.

3 Why Change?

- 3.1 In early 2018, work took place to create a new DCUSA charging model suite, (comprising of the CDCM, ARP, PCDM, EDCM FCP and EDCM LRIC).
- 3.2 The work was undertaken by the newly appointed modelling contractors (CEPA/TNEI) who whilst working with an industry expert group made up of representatives from the DNOs and DCUSA Secretariat, identified a number of areas where the legal text did not fully align to the charging models, or the legal text as not as clear as it could be.
- 3.3 As a result, a log of all of these issues was created and after some discussions a proposed solution was tabled for each, which in the majority of cases only resulted in a minor tweak to the legal text for DCUSA.
- 3.4 The Proposer believes that making these changes to the legal text would better align to both the intent of what the legal text was intended to state and also what the models currently (and have always) delivered.
- 3.5 This will only impact upon the legal text, the changes proposed do not impact upon the calculations in the model themselves.

Part B: Code Specific Details

4 Solution and Legal Text

- 4.1 The changes proposed only results in changes to the legal text of schedule 18 of DCUSA. The changes proposed are not shown here as they cut across a number of separate areas of the legal text and so are instead shown in the attachment for this change.

5 Code Specific Matters

Reference Documents

- 5.1 The issue log attached to this change proposal contains the issues identified, the relevant clause within the DCUSA legal text and the proposed solution.

6 Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	

<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	
<input type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	
<input type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	
<input checked="" type="checkbox"/> 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	Positive
<p>We believe that Charging Objective 6 is better facilitated by this change, as it will better align the DCUSA legal text to the relevant charging model, making the understanding of the models and associated legal text easier to understand and follow when required.</p>	

7 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

7.1 N/A

Does this Change Proposal Impact Other Codes?

- BSC
- CUSC
- Grid Code
- MRA
- SEC
- Other

None

Consideration of Wider Industry Impacts

- 7.2 This issue has been as part of the Distribution, Charging Methodology Development Group (DCMDG), the DCUSA Panel and also within the Modelling Expert Group formed to review the issues identified as part of the modelling exercise.

Confidentiality

- 7.3 N/A

8 Implementation

Proposed Implementation Date

- 8.1 The changes proposed are only to clarify and better align the legal text, as a result there are no changes to the charging model suite and no changes to the charges.
- 8.2 As a result it would be possible to introduce these changes at the next DCUSA Release after approval, however should the working group feel more appropriate, it might be more appropriate to delay the implementation until next year, as a result the changes to the legal text would take effect when charges are set for 2022/23 in December 2020.

9 Recommendations